





VILLAGE OF LEIPSIC  
PUTNAM COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 45856-1427

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Leipsic, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Emphasis of Matter***

As discussed in Note 15 to the 2021 financial statements and Note 16 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 25, 2022

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**Village of Leipsic**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$215,287	\$141,550		\$356,837
Municipal Income Tax	1,510,346		\$68,016	1,578,362
Intergovernmental	34,389	313,262	65,138	412,789
Special Assessments			7,800	7,800
Charges for Services	16,085	50,345		66,430
Fines, Licenses and Permits	12,927	83		13,010
Earnings on Investments	2,634	523		3,157
Miscellaneous	15,885	19,373	1	35,259
<i>Total Cash Receipts</i>	<u>1,807,553</u>	<u>525,136</u>	<u>140,955</u>	<u>2,473,644</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	320,426	84,527		404,953
Leisure Time Activities	144,848			144,848
Community Environment	179,252		1,324	180,576
Transportation		220,937		220,937
General Government	308,999	11,889		320,888
Capital Outlay	205,754	210,220	539,633	955,607
Debt Service:				
Principal Retirement		37,387		37,387
Interest and Fiscal Charges		1,257		1,257
<i>Total Cash Disbursements</i>	<u>1,159,279</u>	<u>566,217</u>	<u>540,957</u>	<u>2,266,453</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>648,274</u>	<u>(41,081)</u>	<u>(400,002)</u>	<u>207,191</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets			221,936	221,936
Transfers In		255,078	296,031	551,109
Transfers Out	(551,109)			(551,109)
Advances In	200,000		200,000	400,000
Advances Out	(200,000)		(200,000)	(400,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(551,109)</u>	<u>255,078</u>	<u>517,967</u>	<u>221,936</u>
<i>Net Change in Fund Cash Balances</i>	97,165	213,997	117,965	429,127
<i>Fund Cash Balances, January 1</i>	<u>3,718,826</u>	<u>791,310</u>	<u>349,450</u>	<u>4,859,586</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,815,991</u>	<u>\$1,005,307</u>	<u>\$467,415</u>	<u>\$5,288,713</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Leipsic**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$3,155,882
Miscellaneous	10,252
	3,166,134
<i>Total Operating Cash Receipts</i>	<i>3,166,134</i>
<b>Operating Cash Disbursements</b>	
Personal Services	532,485
Contractual Services	498,331
Supplies and Materials	138,156
Other	35,362
	1,204,334
<i>Total Operating Cash Disbursements</i>	<i>1,204,334</i>
<i>Operating Income</i>	<i>1,961,800</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	687,726
Intergovernmental	336,008
Earnings on Investments	4,033
Sale of Capital Assets	359
Capital Outlay	(748,088)
Principal Retirement	(1,316,441)
Interest and Other Fiscal Charges	(387,353)
	(1,423,756)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(1,423,756)</i>
<i>Income Before Transfers</i>	<i>538,044</i>
Transfers In	1,067,295
Transfers Out	(1,067,295)
	538,044
<i>Net Change in Fund Cash Balances</i>	<i>538,044</i>
<i>Fund Cash Balances, January 1</i>	<i>8,840,007</i>
	8,840,007
<i>Fund Cash Balances, December 31</i>	<i>\$9,378,051</i>
	\$9,378,051

*The notes to the financial statements are an integral part of this statement.*

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Leipsic, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village of roads, park operations, police services, and fire services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Street Fund*** This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Capital Projects – Development Fund*** This fund accounts for and reports proceeds from the sale of capital assets and transfers from the General Fund to purchase land for Village use.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

***Water Fund*** This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Wastewater Fund** This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

Fund Type	2021 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$4,056,119	\$3,211,365	(\$844,754)
Special Revenue	968,189	780,214	(187,975)
Capital Projects	880,456	858,922	(21,534)
Enterprise	5,187,412	5,261,555	74,143
Total	<u>\$11,092,175</u>	<u>\$10,112,056</u>	<u>(\$980,119)</u>

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,104,356	\$3,277,624	\$1,826,732
Special Revenue	1,175,197	1,006,559	168,638
Capital Projects	813,048	740,957	72,091
Enterprise	7,030,237	5,521,335	1,508,902
Total	<u>\$14,122,838</u>	<u>\$10,546,475</u>	<u>\$3,576,363</u>

The Income Tax Fund is considered part of the General Fund. The General Fund budgetary statement will be higher for actual receipts and disbursements in the amount of \$1,203,812 due to elimination of intrafund transfers from the Income Tax Fund to the General Fund.

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit accounts are as follows:

Demand deposits	<u>2021</u> <u>\$14,666,764</u>
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The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Income Taxes**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited 67 percent to the General Fund, 30 percent to the Enterprise Reservoir Debt Fund, and 3 percent to the Capital Projects Blighted Properties Fund.

**Note 6 – Risk Management**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Ohio Police and Fire Retirement System**

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

**Social Security**

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterworks System Improvement Refunding Bonds 2020	\$1,016,869	3.41%
Fire Truck Loan 2017	38,064	2.15%
Ohio Water Development Authority Loan #4620	1,732,404	0.00%
Ohio Water Development Authority Loan #5003	5,852,810	5.29%
Ohio Water Development Authority Loan #7128	94,782	0.95%
Ohio Water Development Authority Loan #8007	2,958,971	0.98%
Total	<u>\$11,693,900</u>	

The Waterworks System Improvement Refunding Bonds, Series 2020, were issued in 2020 and used for the purpose of advance refunding the Series 2007 Water System Improvement Bonds. The bonds will be repaid in semiannual installments including interest, with the last payment due June 1, 2033.

The 2017 Fire Truck Note, relates to the cost of purchasing a fire truck. The note will be repaid in monthly installments of \$3,220.28 over 5 years plus interest at 2.15 percent.

The Ohio Water Development Authority (OWDA) loan #4620 relates to the wastewater treatment plant improvements. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges are the dedicated source of repayment for this loan.



**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

The Ohio Water Development Authority (OWDA) loan #5003 relates to the costs of improving the Village's water system by constructing a reservoir. The loan will be repaid in semi-annual installments including interest, over 30 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #7128 relates to the costs of installing Water Meters. The loan will be repaid in semi-annual installments including interest, over 10 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #8007 relates to the costs for the Blanchard River Intake and Raw Waterline project. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges and tax increment financing monies are the dedicated source of repayment for this loan.

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Waterworks System Refunding Bonds	OWDA Loans	Fire Truck Loan
2022	\$105,602	\$653,948	\$38,510
2023	105,413	992,156	
2024	106,058	992,156	
2025	105,521	992,156	
2026	105,819	980,012	
2027-2031	528,532	3,829,138	
2032-2036	175,732	3,396,038	
2037-2041		2,548,290	
Total	\$1,232,677	\$14,383,894	\$38,510

**Note 10 – Leases**

The Village acts as a lessor of 5 acres of land in the well field complex. The 5 acres meets the zoning code to accommodate a 250-foot free standing cellular tower. The terms of the lease are for seven 5-year terms for a total of 35 years. The first 5-year term of the lease began in 2006 with an upfront payment received of \$40,000. The other six 5-year terms will be charged \$1.00 per term. The Village will still retain the right to use the 5 acres however they feel fit. When the lease is finished, the cellular tower will be removed.

**Note 11 – Construction and Contractual Commitments**

The Village had contract commitments as of December 31, 2021 for a water treatment improvement system, a sludge press project, and the paving of Center Street in the amounts of \$508,626, \$400,000, and \$169,375, respectively. All projects are expected to be completed in 2022.

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

**Note 13 – Interfund Transfers**

During 2021, the following transfers were made:

	Transfers In	Transfers Out		
		General	Enterprise	Total
	Special Revenue	\$255,078		\$255,078
	Capital Projects	296,031		296,031
	Enterprise		\$1,067,295	1,067,295
	<b>Total</b>	<b>\$551,109</b>	<b>\$1,067,295</b>	<b>\$1,618,404</b>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$4,145		\$4,145
Outstanding Encumbrances	163,424	\$440,342	603,766
<b>Total</b>	<b>\$167,569</b>	<b>\$440,342</b>	<b>\$607,911</b>

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds are restricted committed or assigned. These restricted, committed and assigned amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Village of Leipsic**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$178,068	\$127,414		\$305,482
Municipal Income Tax	2,027,863		\$91,254	2,119,117
Intergovernmental	9,753	759,753	1,790,581	2,560,087
Charges for Services	15,015	102,647		117,662
Fines, Licenses and Permits	11,131	100		11,231
Earnings on Investments	2,451	436		2,887
Miscellaneous	37,213	26,701		63,914
<i>Total Cash Receipts</i>	<u>2,281,494</u>	<u>1,017,051</u>	<u>1,881,835</u>	<u>5,180,380</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	213,544	247,773		461,317
Leisure Time Activities	204,787			204,787
Community Environment	39,674		973	40,647
Basic Utility Services		6,982		6,982
Transportation		222,540		222,540
General Government	309,646	60,738		370,384
Capital Outlay	18,742	607,292	1,812,116	2,438,150
Debt Service:				
Principal Retirement	19,815	36,718		56,533
Interest and Fiscal Charges	168	1,925		2,093
<i>Total Cash Disbursements</i>	<u>806,376</u>	<u>1,183,968</u>	<u>1,813,089</u>	<u>3,803,433</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,475,118</u>	<u>(166,917)</u>	<u>68,746</u>	<u>1,376,947</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		465,262		465,262
Transfers Out	(465,262)			(465,262)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(465,262)</u>	<u>465,262</u>		
<i>Net Change in Fund Cash Balances</i>	1,009,856	298,345	68,746	1,376,947
<i>Fund Cash Balances, January 1</i>	<u>2,708,970</u>	<u>492,965</u>	<u>280,704</u>	<u>3,482,639</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,718,826</u>	<u>\$791,310</u>	<u>\$349,450</u>	<u>\$4,859,586</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Leipsic**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,862,560
<b>Operating Cash Disbursements</b>	
Personal Services	539,090
Contractual Services	517,564
Supplies and Materials	142,160
Other	26,017
<i>Total Operating Cash Disbursements</i>	1,224,831
<i>Operating Income</i>	1,637,729
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	922,678
Intergovernmental	589,952
Earnings on Investments	4,440
Sale of Refunding Bonds	1,584,478
Discount on Sale of Refunding Bonds	(18,111)
Loans Issued	30,462
Miscellaneous Receipts	47,678
Capital Outlay	(1,016,491)
Principal Retirement	(2,867,736)
Interest and Other Fiscal Charges	(511,907)
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,234,557)
<i>Income Before Transfers</i>	403,172
Transfers In	2,048,400
Transfers Out	(2,048,400)
<i>Net Change in Fund Cash Balances</i>	403,172
<i>Fund Cash Balances, January 1</i>	8,436,835
<i>Fund Cash Balances, December 31</i>	\$8,840,007

*The notes to the financial statements are an integral part of this statement.*

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Leipsic, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village of roads, park operations, police services, and fire services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Fund*** This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Fund*** This fund receives property tax monies and monies from other surrounding governments to operate a Volunteer Fire Department.

***Leipsic Coronavirus Relief Fund*** This fund accounts for and reports federal grant funds to supplement Village operations during the coronavirus pandemic.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Capital Projects Grants Fund*** This fund accounts for and reports grant proceeds and disbursements for the Village's Pro-Tec Parkway resurfacing project and the County Road 5 widening and resurfacing project.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Water Debt Retirement Fund** This debt fund accounts for loan proceeds from various sources related to the improvement of the waterworks system and the Blanchard River intake and raw waterline.

**Reservoir Debt Fund** This debt fund accounts for loan proceeds from various sources related to improvements to the reservoir.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Capital Assets**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$4,969,873	\$3,806,599	(\$1,163,274)
Special Revenue	1,518,427	1,482,313	(36,114)
Capital Projects	2,001,821	1,881,835	(119,986)
Enterprise	9,216,140	8,090,648	(1,125,492)
Total	<u>\$17,706,260</u>	<u>\$15,261,395</u>	<u>(\$2,444,865)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$5,402,059	\$2,893,602	\$2,508,457
Special Revenue	1,638,608	1,334,685	303,923
Capital Projects	1,997,231	1,877,523	119,708
Enterprise	11,889,247	8,427,090	3,462,157
Total	<u>\$20,927,145</u>	<u>\$14,532,900</u>	<u>\$6,394,245</u>

The Income Tax Fund is considered part of the General Fund. The General Fund budgetary statement will be higher for actual receipts and disbursements in the amount of \$1,525,105 due to elimination of intrafund transfers from the Income Tax Fund to the General Fund.

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

Demand deposits	<u>2020</u> <u>\$13,699,593</u>
-----------------	------------------------------------

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.



**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts are credited 67 percent to the General Fund, 30 percent to the Enterprise Reservoir Debt Fund, and 3 percent to the Capital Projects Blighted Properties Fund.

**Note 6 – Risk Management**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterworks System Improvement Refunding Bonds 2020	\$1,584,478	3.41%
Fire Truck Loan 2017	75,449	2.15%
Ohio Public Works Commission Loan #CM24D	3,420	0.00%
Ohio Public Works Commission Loan #CM42M	35,717	0.00%
Ohio Water Development Authority Loan #4620	2,021,138	0.00%
Ohio Water Development Authority Loan #5003	6,043,732	5.29%
Ohio Water Development Authority Loan #7128	117,931	0.95%
Ohio Water Development Authority Loan #8007	3,165,863	0.98%
Total	<u>\$13,047,728</u>	

The Waterworks System Improvement Refunding Bonds, Series 2020, were issued in 2020 and used for the purpose of advance refunding the Series 2007 Water System Improvement Bonds. The Water System Improvement Bonds, Series 2007, were related to the cost of constructing, installing, and equipping certain water lines. Also retired during 2020 were the Waterworks System Mortgage Revenue Bonds, Series 1997, which related to the costs of improving the Village waterworks system. The Waterworks System Improvement Refunding Bonds, Series 2020 will be repaid in semiannual installments including interest, with the last payment due June 1, 2033.

The 2017 Fire Truck Note, relates to the cost of purchasing a fire truck. The note will be repaid in monthly installments of \$3,220.28 over 5 years plus interest at 2.15 percent.

The Ohio Public Works Commission (OPWC) loans relate to two street storm sewer projects and a sanitary sewer separation project. The street storm sewer loans and the sanitary sewer separation project loan will be repaid in semi-annual installments of \$3,420, and \$1,984, respectively, both over 20 years.

The Ohio Water Development Authority (OWDA) loan #4620 relates to the wastewater treatment plant improvements. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #5003 relates to the costs of improving the Village's water system by constructing a reservoir. The loan will be repaid in semi-annual installments including interest, over 30 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #7128 relates to the costs of installing Water Meters. The loan will be repaid in semi-annual installments including interest, over 10 years. Utility system charges are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #8007 relates to the costs for the Blanchard River Intake and Raw Waterline project. The loan will be repaid in semi-annual installments including interest, over 20 years. Utility system charges and tax increment financing monies are the dedicated source of repayment for this loan.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Waterworks System Improvement Refunding Bonds	OPWC Loans	OWDA Loans	Fire Truck Loan
2021	\$606,236	\$3,420	\$647,474	\$38,644
2022	105,602	3,969	906,624	38,510
2023	105,413	3,968	992,156	
2024	106,058	3,969	992,156	
2025	105,521	3,968	992,156	
2026-2030	529,086	19,843	4,129,943	
2031-2035	280,998		3,396,038	
2036-2040			3,141,966	
2041-2045			85,532	
Total	\$1,838,914	\$39,137	\$15,284,045	\$77,154

**Note 10 – Leases**

The Village acts as a lessor of 5 acres of land in the well field complex. The 5 acres meets the zoning code to accommodate a 250-foot free standing cellular tower. The terms of the lease are for seven 5-year terms for a total of 35 years. The first 5-year term of the lease began in 2006 with an upfront payment received of \$40,000. The other six 5-year terms will be charged \$1.00 per term. The Village will still retain the right to use the 5 acres however they feel fit. When the lease is finished, the cellular tower will be removed.

**Note 11 – Construction and Contractual Commitments**

In 2020, the Village entered into contracts for a water treatment improvement system, engineering on a sludge press project, and a contract with Ward Construction for a street paving project in the amounts of \$551,909, \$49,200, and \$64,434, respectively.

**Note 12 – Change in Accounting Principle**

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 13 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Village of Leipsic**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 14 – Interfund Transfers**

During 2020, the following transfers were made:

		Transfers Out		
		General	Enterprise	Total
Transfers In	Special Revenue	\$465,262		\$465,262
	Enterprise		\$2,048,400	2,048,400
	<b>Total</b>	<b>\$465,262</b>	<b>\$2,048,400</b>	<b>\$2,513,662</b>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**Note 15 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$3,530			\$3,530
Outstanding Encumbrances	96,859	\$150,717	\$64,434	312,010
<b>Total</b>	<b>\$100,389</b>	<b>\$150,717</b>	<b>\$64,434</b>	<b>\$315,540</b>

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds are restricted committed or assigned. These restricted, committed and assigned amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**Note 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. These amounts are reflected as security of persons and property, basic utility services, transportation, and capital outlay expenditures in the Leipsic Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Leipsic  
Putnam County  
142 East Main Street  
Leipsic, Ohio 45856-1427

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 2021 and 2020, and the related notes to the financial statements of the Village of Leipsic, Putnam County, Ohio (the Village) and have issued our report thereon dated October 25, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 25, 2022



VILLAGE OF LEIPSIC  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2021-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2021, municipal income tax receipts were incorrectly classified as transfers in the Blighted Properties Fund in the amount of \$68,016.
- In 2021, principal retirement disbursements were incorrectly classified as interest and other fiscal charges in the Water Debt Retirement Fund in the amount of \$65,862.
- In 2021, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the Capital Projects and Enterprise Funds in the amounts of \$65,138 and \$102,231, respectively.
- In 2021, budgetary expenditures in the budgetary activity note to the financial statements were understated in the Capital Projects Fund in the amount of \$65,138.
- In 2021 and 2020, property and other local taxes were incorrectly classified as transfers in the Reservoir Debt Fund in the amounts of \$687,726 and \$922,678, respectively.
- In 2021 and 2020, municipal income tax receipts and transfers out in the General Fund were overstated in the amounts of \$755,742 and \$1,013,933, respectively.
- In 2021 and 2020, Ohio Water Development Authority on-behalf grant activity was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, interest and other fiscal charges, and appropriations in the Reservoir Debt Fund in the amounts of \$77,356 and \$79,725, respectively.
- In 2020, sale of refunding bonds in the amount of \$1,584,478 were incorrectly classified as other debt proceeds in the amount of \$1,566,367 in the Water Debt Retirement Fund. In addition, discount on sale of refunding bonds were understated in the Water Debt Retirement Fund in the amount of \$18,111.
- In 2020, transfers in and transfers out were overstated in the General Fund in the amount of \$1,525,105.
- In 2020, intergovernmental receipts in the amount of \$909,531 were incorrectly classified as miscellaneous in the Capital Projects Grants Fund.
- In 2020, miscellaneous receipts and principal retirement were overstated in the Reservoir Debt Fund in the amounts of \$750,000 and \$732,920, respectively. In addition, interest and other fiscal charges were overstated in the Reservoir Debt Fund in the amount of \$17,080.
- In 2020, security of persons and property, transportation, basic utility services, and capital outlay disbursements were incorrectly classified as general government in the Leipsic Coronavirus Relief Fund in the amount of \$184,544.
- In 2020, miscellaneous receipts and security of persons and property disbursements were overstated in the General Fund in the amount of \$152,864.

- In 2020, outstanding encumbrances in the Fund Balances note to the financial statements were understated in the General and Special Revenue Funds in the amounts of \$96,859 and \$150,717, respectively.
- In 2020, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the Enterprise Fund in the amount of \$1,917,321.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$120 and \$30,462. In addition to the adjustments noted above, we also identified additional insignificant misstatements ranging from \$1,911 to \$192,308 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the finance committee, to help identify and correct errors and omissions.

**Officials' Response:**

An effort was made to correct errors on the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	This finding was first reported in 2016. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2021-001 in this report.	An effort was made to correct errors on the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.
2019-002	This finding was first reported in 2018. Ohio Rev. Code § 5705.36(A)(2) for actual receipts in the Fire Fund falling below budgeted receipts, causing a reduction in the resources available for appropriations below the allowable amount.	Corrective action taken and finding is fully corrected.	

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LEIPSIC**

**PUTNAM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/10/2022**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)